



EMPIRE ENERGY GROUP LIMITED
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(ASX: EEG) (OTCQX: EEGNY)

14 December 2016

UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE

- **11-for-5 Renounceable Rights Issue**
- **Offer to raise ~\$6.1 million at \$0.008 per share**

Empire Energy Group Limited (“Empire” or the “Company”) wishes to announce a pro-rata renounceable rights issue (“Offer”) of approximately 764,090,529 shares (“New Shares”) on a basis of 11 New Shares for each 5 shares currently held at an issue price of A\$0.008 per new Share. The Offer will raise approximately A\$6.1 million before costs.

For shareholders who do not take up their rights this Offer will be dilutive. Over 2016 the Company has sought several alternatives to recapitalise to enable the recommencement of a program to expand existing operations while oil and gas asset prices are at record lows. To undertake this program the Company identified the necessity to identify one or more cornerstone shareholders to ensure a source of equity was available over this global industry downturn. This ultimately led the Company to pursue an underwritten equity raising as it provides the opportunity to raise equity while providing existing shareholders the opportunity to participate.

Although 2016 has been a difficult year in the oil and gas upstream industry, the Company has continued to monitor leasing, development and production opportunities, especially in the USA Mid-Con region. The Directors are targeting an initial program to improve operational efficiencies by seeking bolt-on acquisitions which will bolster production without adding to overhead, while several larger opportunities are being reviewed.

Under the Offer, if Eligible Shareholders do not take up their pro rata entitlements, the shortfall will be allocated (at the discretion of the Directors in consultation with the Underwriter) as follows:

- First, to Eligible Shareholders who apply to take additional New Shares in accordance with the terms of the Shortfall Offer; and
- Next to the Underwriter and Sub-Underwriters.

An Eligible Shareholder under the Offer is a shareholder who is:

- registered as a holder of Empire shares as at the Record Date;
- has a registered address in Australia or New Zealand; and
- eligible under all applicable securities laws to receive an offer under the Offer.

The Company intends to utilise the funds raised:

- to repay US\$1.5 million of the existing debt facility or allocate the amount to the acquisition of assets subject to the lenders approval;

- to provide equity for the acquisition of undervalued USA oil assets that would be considered bolt-on opportunities for the Company's existing Mid-Con operations;
- to undertake development of existing Kansas and Oklahoma assets held by the Company;
- for negotiations and work programs undertaken in the Northern Territory,
- for general working capital purposes; and
- to pay the costs of the Offer.

An Offer Booklet in relation to the Offer has been lodged with the ASX and the Entitlement and Acceptance Form will be despatched to Eligible Shareholders in accordance with the timetable below.

Indicative Timetable

Event	Date
Announcement of Offer	14-Dec-2016
Cleansing Notice, lodgement of Appendix 3B and Offer Document lodged with ASX	14-Dec-2016
Notice sent to Shareholders	15-Dec-2016
Ex-date	19-Dec-2016
Record Date	20-Dec-2016
Offer Document and Acceptance Form despatched to Eligible Shareholder and lodged with the ASX	23-Dec-2016
Rights trading ends	13-Jan-2017
Last day to extend the Offer Closing Date	17-Jan-2017
Closing Date for acceptances	20-Jan-2017
Notify ASX of any under subscriptions	23-Jan-2017
Allotment of New Shares	27-Jan-2017
Despatch of holding statement	30-Jan-2017
Normal trading for New Shares commences	30-Jan-2017

Note: This timetable is indicative only and subject to change. Subject to the Corporations Act 2001 (Cth) and ASX Listing Rules, Empire reserves the right to vary the dates and times in connection with the Rights Issue, including the Closing Date, without prior notice.

The Directors intend to participate and take up all or part of their entitlements under the Offer.

The Company also reserves the right not to proceed with the whole or part of the Offer at any time prior to the issue date. In that event, application monies will be refunded in full without interest.

Shareholders who have questions relating to the Offer should call the Company's share registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between the hours of 8:30am – 5:00pm (AEDT) on business days during the offer period.

Bruce McLeod
Executive Chairman